GAMING POLICY AND ENFORCEMENT BRANCH

Ministry of Public Safety and Solicitor General

ANNUAL REPORT

April 1, 2005 to March 31, 2006

BRITISH COLUMBIA

The Best Place on Earth

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Letter of Transmittal

I am pleased to submit the Gaming Policy and Enforcement Branch annual report for fiscal year 2005/06 to the British Columbia Legislature. The information presented in this report reflects the activities of the Ministry of Public Safety and Solicitor General's Gaming Policy and Enforcement Branch for the 12 months ending March 31, 2006.

Honourable John Les
Minister of Public Safety and
Solicitor General

ACCOUNTABILITY STATEMENT

Honourable John Les
Minister of Public Safety and Solicitor General
Province of British Columbia

Minister:

The 2005/06 Annual Report of the Gaming Policy and Enforcement Branch was prepared under my direction. I am responsible for the contents of the report, including the selection of accomplishments and how they are reported. The information presented in this report reflects the activities of the Gaming Policy and Enforcement Branch for the 12 months ending March 31, 2006.

Derek Sturko
Assistant Deputy Minister & General Manager
Gaming Policy and Enforcement Branch

KEY FACTS ABOUT GAMING IN BRITISH COLUMBIA

Gaming is a $2.3 billion per year industry in B.C. In the past year the gaming sector had:

- 13,250 direct employees and an estimated additional 5,000 indirect jobs;
- Approximately 6,600 licensed gaming events; and
- 230 companies that were directly or indirectly involved in the industry.

In 2005/06, the gaming industry included:

- Provincial and national lottery games;
- 16 year-round casinos, 1 race track casino and 1 seasonal casino;
- 24 commercial bingo halls;
- 5 community gaming centres;
- 6 horse race tracks; and
- 19 horse racing teletheatres.

In 2005/06, the regulation of gaming in B.C. included:

- The issuing of more than 6,000 grants and 6,500 gaming events licenses to charitable and religious organizations;
- The registration of almost 4,800 gaming workers and 130 senior executives;
- The registration of more than 1,100 horse racing industry workers;
- The registration of more than 25 gaming services and gaming equipment providers;
- The certification of almost 350 pieces of equipment;
- More than 500 audits of licensed gaming events and use of gaming grant proceeds;
- Audits of all casinos, community gaming centres and horse race tracks and bi-annual audits of commercial bingo halls; and
- More than 3,900 investigations in response to allegations of wrongdoing.

RESPONSIBILITY FOR GAMING IN BRITISH COLUMBIA

THE MINISTER

Gaming in the province is regulated under the Criminal Code of Canada and B.C.'s Gaming Control Act. Responsibility for ensuring the effective regulation of gaming belongs to the Minister of Public Safety and Solicitor General. The Minister provides broad policy direction to ensure government's social and economic priorities for gaming are achieved. The Minister is not involved in decisions respecting individuals or specific companies or organizations, nor in the day-to-day management of gaming.

GAMING POLICY AND ENFORCEMENT BRANCH

The Gaming Policy and Enforcement Branch (GPEB) has 116 employees and an annual operating budget of approximately $14.6 million. The duties and responsibilities of the Branch are divided among seven divisions.

POLICY, LEGISLATION AND STANDARDS
The Policy, Legislation and Standards Division develops and maintains a rigorous and transparent policy and regulatory framework for gaming and horse racing in British Columbia. The Division establishes industry-wide public interest standards and manages responsible gambling initiatives and problem gambling treatment programs.

LICENSING AND GRANTS—The Licensing and Grants Division distributes grants to community organizations through the direct access and bingo affiliation grant programs and issues gaming event licences to eligible charitable and religious organizations.

RACING—The Racing Division regulates and manages horse racing in B.C. by monitoring and enforcing the rules of racing and B.C.'s Gaming Control Act.

REGISTRATION—The Registration Division conducts comprehensive financial and personal background checks on all gaming services providers and gaming workers. The Division registers participants in gaming and horse racing and also approves and certifies that gaming equipment meets provincially developed technical standards.

AUDIT AND COMPLIANCE—The Audit and Compliance Division conducts audits of commercial gaming, licensed gaming events and community organizations' use of gaming proceeds. The division works closely with community organizations to improve compliance with all applicable legislation and policies.

INVESTIGATIONS—The Investigations Division investigates all complaints and allegations of regulatory wrongdoing, and assists law enforcement agencies in criminal investigations in gaming and horse racing in British Columbia.

MANAGEMENT SERVICES—The Management Services Division provides financial advice to the Branch executive, administers the Branch budget and makes grant and other payments on behalf of the Branch. In addition, the division provides information and technology support and manages all Branch facilities.

RESPONSIBILITY FOR GAMING IN B.C. (CONTINUED)

BRITISH COLUMBIA LOTTERY CORPORATION

The British Columbia Lottery Corporation (BCLC) conducts and manages all commercial gaming in the province, with the exception of horse racing. Headed by a board of directors appointed by Cabinet, BCLC reports to the Minister of Public Safety and Solicitor General and is regulated by GPEB. BCLC ensures that commercial gaming is operated according to government public interest standards. BCLC manages all contracts and formal relationships with service providers, as well as all lottery agreements with other provinces and the federal government. In addition, BCLC sets the rules of play for lotteries, casinos, and commercial bingo halls.

GAMING SERVICES PROVIDERS

BCLC contracts with private sector companies to provide day to day operational services at its gaming facilities and lottery outlets. These companies include casino, bingo and community gaming centre operators. Service providers must ensure all gaming employees have taken Appropriate Response Training and that no persons under the age of 19 participate in gambling activity in gaming venues or are present where gaming activity occurs. These gaming services providers are monitored by the Registration Division to ensure they adhere to their conditions of registration and continuously demonstrate the highest level of integrity.

HORSE RACING SERVICES PROVIDERS

GPEB licences private sector companies to conduct and operate live horse racing events at horse racing tracks. These service providers are responsible for conducting horse racing in accordance with the rules and regulations set out by the Province. These rules and regulations are found in the Gaming Control Act and Rules of Thoroughbred and Standardbred Horse Racing in British Columbia. Pari-mutuel wagering on horse races is regulated by the federal government though the Canadian Pari-Mutuel Agency.

KEY PERSONS

GPEB identifies individuals that hold critical security, operations or financial responsibilities in the gaming and horse racing industry as Key Persons. These include directors, officers, and senior employees of any business that is involved with gaming operations in the province. Currently there are approximately 590 key persons registered in B.C. Key Persons are registered for up to five years and are required to undergo a rigorous vetting process to ensure the honesty, integrity and financial responsibility of gaming in BC. The division conducts a background check that includes, but is not limited to the following information, a criminal record check, a credit check, and verification of assets and liabilities.

RESPONSIBILITY FOR GAMING IN B.C. (CONTINUED)

GAMING EQUIPMENT SUPPLIERS

Gaming suppliers manufacture and/or distribute gaming equipment and materials to gaming venues. Manufacturers include companies that produce gaming equipment and materials such as: bingo cards, slot machines and playing chips. Distributors include companies that market gaming equipment and materials. There are currently 49 suppliers registered in B.C.

ANCILLARY SERVICE PROVIDERS

Ancillary contractors include companies that provide services to gaming operators that are not directly related to the delivery of gaming. These include janitorial services, landlords and concessionaires. There are currently 87 ancillary contractors registered in B.C.

GAMING AND HORSE RACE WORKERS

Gaming and horse race workers are registered by the Province to ensure the integrity, honesty and financial responsibility of gaming and racing operations. Gaming workers are individuals who are paid to conduct, manage, or present large-scale licensed raffles, casino games, commercial bingos, or teletheatres. Horse race workers include individuals that work for, or conduct business with, race tracks. These include jockeys, trainers, race horse owners, and racing officials. There are currently approximately 9,000 gaming workers and 3,400 horse race workers registered in B.C.

HORSE RACING TELETHEATRE OPERATORS

GPEB licences teletheatre sites to present simulcast satellite broadcast of horse races run at local, national and international tracks. There are 19 teletheatre locations in B.C. Sixteen of these are operated by TBC Teletheatre B.C. in venues across the province. The remaining three teletheatres are located at race tracks (Hastings Racecourse, Fraser Downs and Sandown Raceways).

LICENSED COMMUNITY ORGANIZATIONS

GPEB licences community organizations to conduct and manage gaming events such as ticket raffles, independent bingos, wheels of fortune and social occasion casinos. Community organizations that host licensed charitable gaming events must comply with the rules and regulations outlined by the Province. These rules include disclosing required financial information within two months of hosting a gaming event. The rules also require ensuring that no one under the age of 19 participates in gambling activity other than two modest exceptions.

WHERE IS GAMING PERMITTED IN BRITISH COLUMBIA?

Gaming is a rapidly evolving industry. New products, approaches and methods of delivery are continually being developed. Players' preferences are also continually changing. The Province of British Columbia has chosen to take a cautious and responsible approach to which forms of gaming it allows to be offered and in which locations. Such opportunities must not jeopardize the integrity of the industry, and must be capable of being effectively regulated and socially responsible. The following table summarizes the forms of gaming the Province has authorized, and the locations where each may be offered.

COMMERCIAL GAMING

	Casinos	Bingo Halls	Community Gaming Centres	Race Tracks	Lottery Outlets	Internet	Licensed Events	Pubs and Bars
Commercial Bingos		•	•					
Lottery Products	•	•	•	•	•	•		•
Slot Machines	•		•	•				
Table Games	•							
Live Horse Racing				•				
Horse Racing Teletheatres	•			•				•

LICENSED GAMING EVENTS

	Casinos	Bingo Halls	Community Gaming Centres	Race Tracks	Lottery Outlets	Internet	Licensed Events	Pubs and Bars
Ticket Raffles							•	•
Independent Bingo							•	•
Social Occasion Casinos							•	
Wheels of Fortune							•	

GPEB Achievements in 2005/06

The Gaming Policy and Enforcement Branch's seven divisions work together to ensure gaming in B.C. is conducted and managed according to provincial and federal legislation and to ensure the integrity of the industry. This section summarizes each division's key accomplishments in 2005/06.

Policy, Legislation and Standards Division

2005/06 Division Achievements

- Streamlined processes, reduced administrative obligations and various governmental approvals related to the location, relocation and substantial changes to gaming facilities.
- Continued to refine and standardize the policy framework for community organizations' access to gaming revenue.
- In exceptional circumstances, allowed licensed gaming proceeds to assist with relief efforts for disasters and emergencies that occurred outside B.C.
- Revised guidelines for gaming event licences to make them simpler to use and easier to understand.
- Developed and implemented standardized guidelines for gaming event licences conducted and managed by boards of eligible fairs and exhibitions.
- Developed and implemented a new long-term, revenue sharing formula in which a portion of government's proceeds from slot machines at horse race tracks supports the revitalization of the horse racing industry.
- Developed guidelines and regulations for a new class of licensed gaming events which will come into effect in late 2006.
- Oversaw the implementation of recommendations made by B.C.'s former Privacy and Information Commissioner, David Flaherty, concerning the Branch's efforts to make information regarding the gaming industry publicly available. For more information regarding this report, see page 21.
- Initiated Branch wide reporting processes to improve public access to information on gaming in B.C.

LICENCING AND GRANTS DIVISION

2005/06 DIVISION ACHIEVEMENTS

- Reduced the average processing time for Direct Access Grant applications from 12 to 11 weeks.
- Paid over $83 million in direct access program grants to over 4,100 community organizations.
- Paid a further $54 million in bingo affiliation grants to almost 1,900 community organizations.
- Increased awareness of licensing requirements in order to generate more on-line B licence applications.
- Made 30 presentations and met with over 1,500 community organizations to increase their understanding of provincial grant and licensing requirements.

2005/06 DIVISION STATISTICS

Licences and Grants Distributed	2005/06	2004/05
Direct Access Grants: Number of charitable community organizations that received grants.	4,148	4,010
Bingo Affiliation Grants: Number of charitable organizations affiliated with commercial bingo halls that received grants.	1,879	1,937
Bingo Association Grants: Each commercial bingo hall has a bingo association that organizes volunteers from affiliated charitable community organizations. GPEB provides grants to these associations to cover administrative costs.	31	28
A Licences: Charitable gaming events with over $20,000 in revenues.	436	374
B Licences: Charitable gaming events with under $20,000 in revenues.	6,152	6,599
C Licences: Fair & exhibition gaming event licences.	8	3

Racing Division

2005/06 Division Achievements

- Issued 1,167 new Registration/Horse Racing licences.
- Stewards and Judges conducted 2,646 interviews and 1,143 hearings which resulted in 427 rulings.
- Completed reviews of all race tracks and teletheatres in British Columbia; all concerns noted during these reviews were subsequently resolved.
- Revised the licensee drug and breathalyser policies, increasing penalties for violations.
- Issued and collected almost $50,000 in fines.
- Performed 1,177 drug and breathalyser tests.
- Assisted in 155 financial disputes;
- Reported deficiencies of race track security to develop better backstretch security procedures.
- Held 18 reconsideration meetings and 1 administrative review.
- Implemented several new policies aimed at protecting the welfare of race horses and the integrity of gaming.
- Improved monitoring of paddock, drivers, jockey room and assistant starters through drug and alcohol testing.
- Oversaw the implementation of recommendations included in George Morfitt's report on the organization and operation of horse racing in B.C. For more information on this report, please see page 22.

2005/06 Division Statistics

Horse Racing in B.C. (calendar year)	Horses Programmed	Live Race Days	Live Races	Rulings Issued
Fraser Downs Racecourse (Surrey)				
2005	8,735	84	1,049	208
2004	10,280	96	1,195	210
Hastings Racecourse (Vancouver)				
2005	6,008	82	758	177
2004	5,607	71	691	186
Sandown Racecourse (Sidney)				
2005	1,681	24	235	42
2004	746	10	106	24
Interior tracks: Sagebrush Downs (Kamloops), Sunflower Downs (Princeton), and Kin Park (Vernon)				
2005	397	10	64	0
2004 (no racing at Sunflowers Downs)	311	11	62	0

Registration Division

2005/06 Division Achievements

- Conducted background investigations of 4,796 gaming workers, 1,133 horse racing personnel, 14 gaming services providers , 12 gaming equipment suppliers and 129 key persons.
- Conducted integrity reviews of proposed gaming operations regarding the relocation of 3 gaming facilities.
- Developed and implemented technical standards for electronic gaming equipment.
- Issued 345 Certificates of Technical Integrity for electronic gaming equipment, including slot machines gaming management systems and lottery products provided over the Internet.
- Issued 7 suspensions, 7 warnings, 16 conditional registrations, 1 administrative fine and cancelled or refused 99 registrations.
- Held 12 Reconsiderations of Registration decisions and 1 Administrative Review Hearing.

2005/06 Division Statistics

Number of Annual Registrations and Equipment Certifications	2005/06	2004/05
Gaming operators and service providers	14	18
Gaming equipment suppliers	12	14
Gaming workers (casino, commercial bingo hall & teletheatre employees)	4,796	5,848
Horse racing industry (jockeys, owners, trainers, veterinarians, etc.)	1,133	1,216
Key Persons (owners, company officers, board members, etc.)	129	177
Ancillary Service Contractors (janitors, landlords, building maintenance, concessionaires, etc.)	19	24
Certificates of Technical Integrity	345	523
GPEB and BC Lottery Corporation personnel	38	46

AUDIT AND COMPLIANCE DIVISION

2005/06 DIVISION ACHIEVEMENTS

- Saw the overall level of charities' compliance with requirements rise to 80% (2004/05 - 76% and 2003/04 - 70%).
- Strengthened the overall audit and compliance framework by implementing recommendations arising from the Office of the Comptroller General's 2004/05 effectiveness review.
- Strengthened the audit coverage for commercial gaming by conducting an inaugural audit of BCLC's PlayNow website and increasing the depth and rigour around assessment of BCLC's audit procedures.
- Strengthened the audit approach for charitable gaming events through new audit procedures that better ensure conformity to generally accepted auditing standards for examinations of gaming funds recipients.
- Under the Charitable Gaming Compliance Enhancement Program, made 15 presentations to groups of community organizations that receive gaming funds.

2005/06 DIVISION STATISTICS

Audits of gaming activity in B.C.	2005/06	2004/05
Annual commercial gaming compliance audits, including all casinos, community gaming centres and horse race tracks (starting in 2005/06) and bi-annual audits of commercial bingo halls.	47	43
Audits of all registered raffles, major ticket raffles (every two years), charities receiving more than $50,000 in grants (every four years) and a random selection of other organizations receiving gaming grants.	522	516

INVESTIGATIONS DIVISION

2005/06 DIVISION ACHIEVEMENTS

- Processed over 3,400 reports of suspected wrongdoing in legal gaming venues.
- Pursued Criminal Code charges in 11 cases.
- Conducted 116 post-registration or post-licence investigations.
- Issued 29 verbal and written warnings.
- Continued to implement the Province's Illegal Gambling Enforcement Strategy in cooperation with other stakeholders.
- Improved reporting of suspected wrongdoing working in cooperation with BCLC and service providers.

2005/06 DIVISION STATISTICS

Files Initiated	2005/06	2004/05
Theft	372	276
Fraud	54	23
Money laundering and loan sharking	235	110
Counterfeit	1,155	1,115
Assaults and threats	187	149
Gaming Control Act violations	652	279
Cheating at play	55	43
Other	704	516
Total	**3,414**	**2,511**

Files Concluded		
Charges under Criminal Code	11	12
Charges under Gaming Control Act	0	0
Warnings (verbal and written)	29	9
Administrative sanctions	116	120
Ticket Violation Notices (TVN)	3	1
Intelligence	2,007	1,435
Unfounded reports	48	48
Other (e.g. files transferred to police of other jurisdictions and incidents that did not involve criminal wrongdoing)	1,073	910
Total	**3,287**	**2,535**

Note: This table does not include 492 IIGET investigations. For these data, see page 19.

MANAGEMENT SERVICES DIVISION

2005/06 DIVISION ACHIEVEMENTS

- Initiated an integrated technology project entitled Gaming B.C. This project will replace existing technology systems with an integrated system designed to support Branch business requirements and enhance public access to services.
- Administered the payment of grants to community organizations, local governments that host casino gaming, local economic development and the horse racing industry.
- Ensured compliance with government's standard financial accounting practices in the payment of those grants.
- Enhanced financial management reporting processes for budgeting and expenditure control.
- Produced gaming revenue reports for posting on the Branch web site on a quarterly basis.

SPECIAL INITIATIVES OF THE BRANCH

The gaming industry is becoming increasingly complex and sophisticated. Each year, GPEB develops initiatives to ensure that gaming is appropriately regulated and delivered in a socially responsible manner. Some of these initiatives, such as the Responsible Gambling Strategy, are ongoing programs. Others are short term projects designed to evaluate or review a specific aspect of gaming operations. These initiatives are products of the goals outlined in the Branch business plan.

The following section will address five GPEB initiatives.

- The Responsible Gambling Strategy
- The Illegal Gambling Enforcement Strategy
- The Auditor General's Report on Casino Gaming
- David Flaherty's review of Branch Freedom of Information Procedures
- George Morfitt's report on the organization and operation of horse racing

RESPONSIBLE GAMBLING STRATEGY

Over 95% of British Columbians who gamble do so responsibly. However, a small percentage of people do develop problems related to excessive gambling.

The Province launched the Responsible Gambling Strategy in 2003. The strategy involves the Province, BCLC, local governments, gaming services providers and others, to ensure that gaming is delivered in a responsible manner.

The three goals of the Responsible Gambling Strategy are:

- Reduce the incidence of problem gambling;
- Reduce harmful impacts of excessive gambling; and
- Ensure the delivery of gambling in a manner that encourages responsible gambling and healthy choices.

PROBLEM GAMBLING PROGRAM

GPEB's Problem Gambling Program is a key component of government's overall Responsible Gambling Strategy.

In British Columbia, prevalence studies show that about 4.6% of the population demonstrate characteristics that could lead to a gambling problem. Approximately 4.2% of the population is at risk of developing, or has developed, moderate gambling problems. A further 0.4% of the population is at high risk of becoming, or has become, a problem gambler.

Problem gambling is a treatable condition that can impact a problem gambler's family, employer and community. The Problem Gambling Program manages and delivers the Province's problem gambling services. These services include clinical treatment, responsible gambling education and ongoing research into preventing problem gambling.

Problem Gambling Services include:

- 24 hour toll free Help Line, for information and referral;
- Twenty-eight contracted professional clinicians who deliver counselling services. These services are provided free of charge to anyone experiencing difficulties with gambling at the client's convenience;
- Nineteen prevention service providers who work around the province delivering information sessions that raise awareness of the Problem Gambling Program, how to access help, and how to gamble responsibly;
- Three provincial program coordinators who provide subject area expertise and coordinate services for specialized populations;
- Development and distribution of awareness materials, including posters and brochures translated into Chinese, Punjabi, Spanish, and Vietnamese;
- Provision of information at all casinos, commercial bingo halls, community gaming centres, horse race tracks and lottery retail outlets regarding gambling and problem gambling (including the odds of winning and myths about normal gambling behaviour); and
- Manage the responsible gambling/ problem gambling web site at: www.bcresponsiblegambling.ca

RESPONSIBLE GAMBLING STRATEGY (CONTINUED)

2005/06 ACHIEVEMENTS

- Received 5,830 Help Line calls related to problem gambling.
- Handled 3,590 counselling referrals.
- Admitted over 1,100 clients to our contracted counselling services.
- Conducted a problem gambling client satisfaction survey, with over 98% of clients rating our counselling services as very good to excellent.
- Distributed thousands of responsible gambling brochures and posters across the province in four languages.
- Piloted Responsible Gaming Information Centres (RGIC) at River Rock and Edgewater casinos.
- Piloted a day-treatment program in conjunction with Richmond Addiction Services.
- Developed a school-based educational program for youth describing the risks involved with gambling. To be piloted in Richmond schools in Fall 2006.
- Released a baseline measure for a multi-year study on the impact of the relocation of casinos and the introduction of slot machines in four Lower Mainland communities.
- Continued to provide national and international leadership in establishing research agendas for problem/ responsible gambling.
- Launched a responsible gambling advertising campaign aimed at youth and young adults.

2005/06 STATISTICS

Problem Gambling Program Statistics	2005/06	2004/05
Total Help Line calls (includes erroneous calls and hang-ups)	7,455	6,178
Calls made to Help Line specific to problem gambling	5,830	3,127
Referrals to Problem Gambling Program	3,590	2,373
Counselling service admissions	1,115	961
Contracted service providers		
Clinical counsellors	28	27
Prevention service providers	19	17
Provincial coordinators	3	3
Number of prevention information sessions delivered	1,700	1,561

ILLEGAL GAMBLING ENFORCEMENT STRATEGY

To address illegal gambling, the Province has implemented an Illegal Gambling Enforcement Strategy. Under this strategy, allegations of wrongdoing are investigated either by GPEB personnel or police of jurisdiction being assisted by GPEB personnel.

Illegal forms of gambling include all gaming not permitted by Canada's Criminal Code or not authorized by the Province of British Columbia. This includes, but is not limited to, illegal gaming houses, illegal bingo halls, unlicensed raffles or lotteries, illegal slot machines or video lottery terminals, bookmaking and illegal Internet gambling sites.

Unlawful activity in legal gaming venues includes activity that could be a criminal offence under Canada's Criminal Code, or a regulatory offence under B.C.'s Gaming Control Act. Examples of such offences include, but are not limited to money laundering, assaults, threats, frauds, counterfeiting, loan sharking, cheating at play and theft. For more information on GPEB's response to allegations of suspected wrongdoing, see page 14.

A key element of this strategy is the Integrated Illegal Gaming Enforcement Team (IIGET). Team members include 15 Branch investigators and 12 RCMP officers. Branch investigators and the RCMP work together throughout the province to address illegal gaming issues and enforce gaming provisions of the Gaming Control Act and the Criminal Code.

IIGET improved enforcement activities around the province by developing and delivering educational programs to law enforcement agencies to raise the profile of the team amongst police of other jurisdictions, and to show other investigators how to recognize illegal gambling offences.

Also included in the strategy are various approaches to enforcement and sanctions intended to ensure compliance rates and reduce demands on the court system. These include: charges under Canada's Criminal Code or B.C.'s Gaming Control Act; violation ticket notices with penalties ranging from $150 to $500 (allowing investigators to ticket offences under B.C.'s Gaming Control Act); administrative sanctions which include allowing for the revocation of a licence or registration, placing additional conditions on a licensee or registrant, or imposing a fine; and issuing written or verbal warnings where appropriate.

ILLEGAL GAMBLING ENFORCEMENT STRATEGY (CONTINUED)

2005/06 ACHIEVEMENTS

- Initiated 492 investigations.
- Developed and delivered educational programs around the province to raise the profile of the team amongst other law enforcement agencies, and to show other investigators how to recognize illegal gambling offences.
- Forged several valuable partnerships with enforcement agencies such as: Liquor Control and Licensing, Canada Customs and Revenue Agency, and Industry Canada, as well as non-enforcement agencies such as Provincial Crown Counsel.
- Worked closely with other law enforcement and regulatory bodies in the course of investigations.

2005/06 IIGET STATISTICS

Files Generated in 2005/06	2005/06	2004/05
Video gambling machines	42	40
Common gaming houses	89	57
Illegal lotteries	307	187
Internet/on-line gambling	11	21
Other	43	23
Total	**492**	**328**

Files Cleared in 2005/06	2005/06	2004/05
Charges under Criminal Code	14	0
Charges under Gaming Control Act	1	2
Verbal warnings	153	43*
Written warnings	115	
Administrative	4	0
Ticket violation notices	8	3
Intelligence	58	1
Unfounded	98	27
Other	42	8
Total	**493**	**84**

*In 2004/05, no designation was made between verbal and written warnings

AUDITOR GENERAL'S REPORT ON CASINO GAMING

In July 2005, B.C.'s Auditor General released a report entitled "Keeping the Decks Clean: Managing Gaming Integrity Risks in Casinos". Gaming integrity includes the control processes used to help ensure that error, criminal exploitation and employee dishonesty in gaming operations are minimized.

The report examined all 19 casinos operating in the province between September 2004 and January 2005 and determined that government is adequately managing casino gaming integrity risks in each of four audit-focused themes:

- Casino industry participants, including those who work in or provide services to the casino industry, meet high standards of honesty. GPEB processes were found to be in place to assess gaming workers and corporate applicants to the industry. Ongoing monitoring ensures high standards of honesty are maintained;
- Gaming equipment operates fairly in casinos. Equipment is purchased only from approved suppliers and prior to use in casinos is subject to independent testing against approved technical standards;
- Gaming activities are conducted honestly. BCLC monitors the industry to ensure its policies and procedures are being followed. This is supported by GPEB's casino audits and the investigation of incidents that could pose a threat to gaming integrity; and
- Government adequately ensures it receives its correct share of casino revenue. BCLC records all casino gaming activities, safeguards cash at all times, records casino gaming revenue accurately and collects government's share of revenues.

The Auditor General's report confirms the Province is ensuring casino gaming in British Columbia is conducted responsibly and with integrity. These findings confirm the effectiveness of the regulatory oversight of the industry by GPEB and BCLC's operation of casinos in the province. The Province remains committed to ensuring and improving the overall integrity of gaming and the effective conduct and management of casinos.

The audit made 13 recommendations to further strengthen the control process and to mitigate risks to casino gaming integrity.

These recommendations included:

- Rechecking the backgrounds of key GPEB and BCLC employees every three to five years;
- Registering all BCLC employees who help to ensure gaming integrity in casinos;
- Produce more timely casino audit reports;
- Developing and adopting technical standards for gaming equipment used in casinos; and
- Reporting annually to the Legislative Assembly on the state of gaming integrity in casinos.

By March 31, 2006, GPEB had responded to all of the report's recommendations and implemented necessary changes.

PUBLIC ACCESS TO INFORMATION

In June 2005, David Flaherty, a former B.C. Information and Privacy Commissioner, produced a report reviewing GPEB's management of the Freedom of Information process. The report recognized that GPEB encourages full public access to certain types of gaming records as part of its regulatory and accountability framework. This is consistent with both the spirit and provisions of the Freedom of Information and Protection of Privacy Act (FOIPPA), decisions of the Information and Privacy Commissioner and advice to the Branch.

Dr. Flaherty's report made a series of recommendations which were implemented by GPEB.

A key factor in the disclosure of information is the need to ensure the privacy of workers, service providers and others involved in the gaming industry. In order to protect personal and corporate information, disclosed records may be severed as per FOIPPA.

The objectives of GPEB's Access to Information Policy are to ensure:

- Ease and certainty of access by making certain types of information routinely available to the public;
- A timely and cost-free alternative to formal information requests under the FOIPPA;
- The policy is applied in a manner that is considerate and protective of the personal privacy of individuals;
- Certain business interests of a third party or public body are protected from disclosure in accordance with FOIPPA; and
- The integrity of gaming in British Columbia is maintained.

GPEB routinely releases various documents and records to the public, including:

- Legislation and regulations, policies, standards and directives used to regulate gaming in the province;
- The Branch business plan;
- Audit reports on commercial gaming, licensed gaming events and community organizations' use of gaming proceeds;
- Horse racing rulings;
- Summaries of activities conducted by the Investigation and Registration Divisions;
- Full disclosure of where the money goes;
- The distribution of gaming revenue to community organizations and local governments;
- The status of gaming applications; and
- Summaries of business activities for various divisions.

By March 31, 2006, GPEB had responded to all of the report's recommendations and appropriate actions had been taken.

More information on routinely released records, and links to currently available records can be found at:

http://www.pssg.gov.bc.ca/gaming/access_to_information/index.htm

REPORT ON GPEB'S REGULATION OF HORSE RACING

In July 2005, George Morfitt, a former B.C. Auditor General, delivered a report on the organization and operation of horse racing in the province. The report focused on three areas of the industry:

- The authority and functions of GPEB employees at horse race tracks;
- Staff and industry perceptions regarding the authority and functions; and
- Issues and concerns raised by industry stakeholders and participants, and GPEB staff, in that regard.

The report reviewed the current framework of legislation, regulation and rules, as well as functions performed by GPEB employees. Information was collected through interviews of key participants in the horse race industry and individuals who are directly impacted by GPEB's regulation of the industry.

Mr. Morfitt's report recommended:

- Establishing a code of conduct and conflict of interest guidelines for stakeholders in the horse race industry;
- Publishing the basis for, and rationale behind, sanctioning decisions made by racing officials;
- Where possible, clearly defining penalties and sanctions for offences and repeat offences;
- Developing and implementing new reporting procedures giving Inspectors more authority to act on their own;
- Providing education, training, and information sessions to keep race track officials updated and maintain skill levels; and
- Developing regular reporting cycles to advise the General Manager of GPEB, other divisions and the public of sanctions.

By March 31, 2006, GPEB had responded to all of the report's recommendations and appropriate actions had been taken.

Further, the Racing Division has:

- Implemented changes to the processes and procedures for acquiring a Registration/Horse Racing Licence; and
- Reviewed and streamlined the Rules of Horse Racing to incorporate the changes between the Racing Division, Investigation Division and Registration Division.

In addition, GPEB has initiated; in cooperation with industry stakeholders, a three year strategy for backstretch personnel that includes developing a code of conduct and appropriate training programs.

LOOKING AHEAD

Gaming is a popular form of entertainment in British Columbia. More than eight out of every ten British Columbians gamble routinely. This may involve purchasing a lottery ticket, visiting a commercial gaming facility to play bingo, casino games or horse race events, or participating in a licensed gaming event.

The gaming industry is becoming increasingly complex. This operating environment includes the development of multi-purpose gaming venues, the increasing number and popularity of large-scale hospital lotteries, the rising popularity of illegal poker and the increasing availability of illegal Internet gambling sites.

All these emerging trends pose a challenge to maintaining current levels of integrity in the industry. In particular, illegal forms of gaming pose one of the greatest challenges at the provincial and national level. Such gaming is not regulated and is usually not conducted in a socially responsible manner, taking advantage of problem gamblers.

In the coming year, GPEB will continue to enhance its efforts to ensure the integrity of gaming in B.C.

In 2006/07, GPEB will implement Gaming B.C., an integrated information system that will improve overall business functions of the Branch and ensure a single point of access for clients.

In 2006/07, GPEB will continue to strengthen the legal framework for the industry and develop a policy framework that addresses the challenges of illegal Internet games. Specifically, IIGET will increase its effort in enforcing provisions of the Criminal Code of Canada related to illegal Internet gambling.

In 2006/07, GPEB will work with the horse racing industry to develop a three year strategy for backstretch personnel that includes developing a code of conduct and appropriate training programs.

In support of the Responsible Gambling Strategy, GPEB will:

- Fully develop the Partnership for Responsible Gambling by formalizing activities of local governments, service providers and major stakeholders;
- In partnership with horse racing service providers, deliver training to staff to help them identify and respond to patrons experiencing distress;
- Assess client satisfaction with gaming policies and programs;
- Increase awareness of available treatment services;
- Release first measures report from Determining Socio-Economic Impacts of New Gaming Venues in Four Lower Mainland Communities study; and
- Initiate a province-wide study into the prevalence of problem gambling.

In support of the Illegal Gambling Enforcement Strategy, GPEB will:

- Work collaboratively with the Liquor Control and Licensing Branch, and others, to identify illegal gambling activities in liquor establishments;
- Create a coordinated, strategic education campaign regarding the types of permitted gaming, licence requirements and consequences of illegal gambling;
- Get more accurate information on the extent of illegal gambling in B.C.; and
- Continue to work with other enforcement teams to increase awareness of circumstance under which gaming can legitimately be conducted.

WHERE THE MONEY GOES

Gaming revenue provides significant benefits to people and communities throughout British Columbia. Social programs, community services and local economic development are all enhanced by gaming revenue. Appendix A of this document shows the sources of government gaming revenue and how these funds were distributed. Appendix B details gaming revenue distributed to, or earned by, community organizations, local governments and the horse racing industry. Appendix C summarizes GPEB's operating budget and expenditures, including expenditures supporting responsible gambling.

DISTRIBUTED TO COMMUNITIES

Gaming revenues support the work of thousands of community groups across the province. In 2005/06, community organizations in B.C. were granted, or earned, almost $195 million.

GPEB distributed almost $138 million in grants to over 6,100 community organizations. Large scale licensed charitable gaming events, such as ticket raffles, social occasion casinos, wheels of fortune and independent bingos, earned $27 million. An estimated $28 million more was earned by community organizations through small-scale licensed gaming events.

In 2005/06, local governments received $65 million to provide programs and services that might not otherwise have received funding. The funds have been used to enhance arts and cultural programs, upgrade parks, playgrounds and sports fields, and provide additional policing, road maintenance and recycling programs. To date, over $280 million has been distributed to local governments since 1999.

To support the revitalization of the horse racing industry GPEB distributed $4.6 million to the industry through a number of economic and business initiatives including increased purse pools.

DISTRIBUTED FOR REGULATION OF GAMING

In 2005/06, $15.1 million was allocated for the regulation of gaming in B.C. Core branch operations, which includes the work done by the seven divisions, was allocated $10.6 million. The Problem Gambling Program was allocated a further $4.5 million.

DISTRIBUTED TO SUPPORT PUBLIC PROGRAMS

In 2005/06, over $540 million was directed to the Consolidated Revenue Fund which supports social programs, primarily health care and education. A further $147 million in gaming revenue was directed to the B.C. government's Health Special Account to be used exclusively for the administration, operation and delivery of health care, health research, health promotion and heath education services. As part of a revenue sharing agreement between the federal and provincial governments $8.2 million of lottery revenues was transferred to the federal government.

APPENDIX A—SOURCE AND DISTRIBUTION OF REVENUES

SOURCE AND DISTRIBUTION OF GOVERNMENT GAMING REVENUE

(all figures in $ millions)

Sources of revenue	2005/06	2004/05
Lotteries	$271.3	282.8
Horse racing betting fees	1.9	1.9
Casinos	621.6	515.3
Commercial bingos (includes paper bingo, electronically linked bingo and community gaming centre slot machine revenues)	27.9	18.8
Total Revenues	**$922.7**	**818.8**

Distribution of revenues		
Distributed to Communities		
Community organizations	$137.8	134.5
Local governments	65.0	53.3
Local economic development	3.4	2.9
Accounting Adjustment (DAC)	N/A	(11.3)
Horse racing purse enhancements	4.6	4.2
Gaming Policy and Enforcement Branch		
Core operations (including salaries and business expenses)	10.6	11.4
Problem Gambling Program	4.5	3.1
B.C. Government Programs		
Health Special Account	147.3	147.3
Consolidated Revenue Fund	541.3	465.4
Government of Canada		
Federal/Provincial lottery agreement	8.2	8.0
Total amount distributed	**$922.7**	**818.8**

APPENDIX B—DISTRIBUTION OF REVENUES

GAMING REVENUE DISTRIBUTED TO, OR EARNED BY, COMMUNITY ORGANIZATIONS

(all figures in $ millions)

Government Grants and Payments	**2005/06**	**2004/05**
Direct access	$83.1	78.6
Bingo affiliation	53.7	54.6
Independent linked bingo	0.1	0.2
Provincial trust (miscellaneous organizations)	N/A	0.2
Bingo Association Fees	0.4	N/A
One time payments	0.5	0.9
Total grants and payments	*$137.8*	*134.5*
Earned by Community Organizations (A and C licences only)†		
Ticket raffles with over $20,000 in revenues	$23.9	24.9
Independent bingos	2.6	1.7
Other (including social occasion casinos, wheels of fortune and the Pacific National Exhibition Casino)	0.5	0.4
Total amount earned by community organizations	*27.0*	*27.0*
Total revenues distributed to, and earned by, community organizations	**$164.8**	**161.5**

† Operators of Class B licence gaming events are not required to report revenues, if their proceeds from all gaming are less than $20,000. In 2005/06, an estimated $28.3 million was earned by community organizations through Class B licence events.

APPENDIX B—DISTRIBUTION OF REVENUES (CONTINUED)

GAMING REVENUE DISTRIBUTED TO LOCAL GOVERNMENTS

Community	2005/06	2004/05
Burnaby	$8,687,067	7,550,107
Campbell River	37,035	N/A
Coquitlam	7,308,677	6,839,714
Dawson Creek	346,744	107,344
Kamloops	2,102,156	1,911,895
Kelowna	3,177,115	2,460,667
Ktunaxa/Kinbasket Tribal Council Society	1,312,956	1,111,632
Langley	5,001,607	N/A
Nanaimo	2,953,687	2,734,583
New Westminster	3,164,696	4,729,870
Penticton	2,359,976	2,166,128
Prince George	2,422,558	1,931,685
Quesnel	604,553	599,944
Richmond	11,194,669	9,891,217
Surrey	2,977,272	2,524,492
Vancouver	4,990,898	3,224,751
Vernon	1,515,276	1,513,781
View Royal	4,403,405	3,858,611
Wells	5,782	7,310
Williams Lake	447,536	155,161
Total funds to host local governments	**$65,013,695**	**53,318,892**

GAMING REVENUE DISTRIBUTED TO THE HORSE RACE INDUSTRY

Horse Racing Industry	2005/06	2004/05
Thoroughbred Industry (via Hastings Entertainment Inc.)	$2,311,387	2,100,000
Standardbred Industry (via Orangeville Raceway Ltd.)	2,311,387	2,100,000
Total funds to horse racing industry	**$4,622,774**	**4,200,000**

APPENDIX C—GPEB OPERATING BUDGET AND EXPENDITURES

2005/06 OPERATING BUDGET AND EXPENDITURES

Branch Budget	2005/06	2004/05
Core Operations	$10,605,000	11,141,000
Problem Gambling Program	4,000,000	4,000,000
Total Branch Budget	***$14,605,000***	***15,141,000***

Branch Expenditures		
Core Operations		
Salaries and benefits costs	$7,636,735	7,410,653
Operating and business expenses	2,422,052	2,217,726
Legal and professional services	564,334	1,761,092
Subtotal	*10,623,121*	*11,389,471*
Problem Gambling Program		
Salaries and benefits costs	$176,335	$241,572
Operating and business expenses	594,354	257,283
Legal and professional services	152,403	226,372
Contracts	3,600,587	2,373,676
Subtotal	*4,523,679*	*3,098,903*
Total GPEB Expenditures	***$15,146,800***	***14,488,374***
Surplus/(Deficit)	**$(541,800)**	**652,626**

How to Contact Us

Gaming Policy and Enforcement Branch Website:

http://www.pssg.gov.bc.ca/gaming

British Columbia Partnership for Responsible Gambling Website:

http://www.bcresponsiblegambling.ca

The Head Office for the Gaming Policy and Enforcement Branch is located in Victoria with regional offices in Burnaby, Kelowna and Prince George.

Gaming Policy and Enforcement Branch

MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL

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